

OFFICIAL GAZETTE



GOVERNMENT OF GOA, DAMAN AND DIU

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Law and Judicial Department

Notification

LD/3732/70

The Finance Act, 1970 (19 of 1970) which was recently passed by the Parliament assented to by the President of India on 14th May, 1970, is hereby published for general information of the public.

M. S. Borkar, Under Secretary.

Panaji, 7th July, 1970.

The Finance Act, 1970

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THE FIRST SCHEDULE. THE SECOND SCHEDULE.

The Finance Act, 1970

AN

ACT

to give effect to the financial proposals of the Central Government for the financial year 1970-71.

Be it enacted by Parliament in the Twenty-first Year of the Republic of India as follows:—

CHAPTER I

Preliminary

1. **Short title and commencement.**— (1) This Act may be called the Finance Act, 1970.

(2) Save as otherwise provided in this Act, sections 2 to 27 (both inclusive) and sections 38 and 39

shall be deemed to have come into force on the 1st day of April, 1970.

CHAPTER II

Rates of income-tax

2. Income-tax. — (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1970, income-tax shall be charged at the rates specified in Part I of the First Schedule and, in the cases to which Paragraphs A, B, C and D of that Part apply, shall be increased by a surcharge for purposes of the Union and in the cases to which Paragraph C applies, also by a special surcharge for purposes of the Union, calculated in each case in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1970, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the income-tax payable by it shall be the aggregate of the income-tax calculated —

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(3) In cases to which Chapter XII of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter, as the case may be.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule.

(6) For the purposes of this section and the First Schedule, —

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1970, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

Explanation. — For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(d) "tax free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(e) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

Income-tax

3. Amendment of section 2. — In section 2 of the Income-tax Act, —

(a) in clause (14), for sub-clause (iii), the following sub-clause shall be substituted, namely: —

"(iii) agricultural land in India, not being land situate —

(a) in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the last preceding census of which the relevant figures have been published before the first day of the previous year; or

(b) in any area within such distance, not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in item (a), as the Central

Government may, having regard to the extent of, and scope for, urbanisation of that area and other relevant considerations, specify in this behalf by notification in the Official Gazette;";

(b) for clause (16), the following clause shall be substituted, namely:—

"(16) "Commissioner" means a person appointed to be a Commissioner of Income-tax under sub-section (1) of section 117, and includes a person appointed to be an Additional Commissioner of Income-tax under that sub-section;";

(c) in clause (37A), in sub-clause (i), for the words, figures and letter 'computation of the "advance tax" payable under Chapter XVII-C, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year', the following shall be substituted with effect from the 1st day of April, 1971, namely:—

'computation of the "advance tax" payable under Chapter XVII-C in a case not falling under section 164, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year, and for the purposes of computation of the "advance tax" payable under Chapter XVII-C in a case falling under section 164, the rate specified in that section or the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year, whichever is applicable'.

4. Amendment of section 10.—In section 10 of the Income-tax Act,—

(a) after clause (20), the following clause shall be, and shall be deemed always to have been, inserted, namely:—

"(20A) any income of an authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both;";

(b) after clause (22), the following clause shall be inserted, namely:—

"(22A) any income of a hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit;";

5. Amendment of section 11.—In section 11 of the Income-tax Act,—

(a) in sub-section (1),—

(i) in clause (a), the words "and, where any such income is accumulated for application to such purposes in India, to the extent to which the income so accumulated is not in excess of twenty-five per cent of the income from the property or rupees ten thousand, whichever is higher;" shall be omitted with effect from the 1st day of April, 1971;

(ii) in clause (b), the words "and where any such income is finally set apart for application

to such purposes in India, to the extent to which the income so set apart is not in excess of twenty-five per cent of the income from the property held under trust in part;" shall be omitted with effect from the 1st day of April, 1971;

(iii) for the *Explanation*, the following *Explanation* shall be substituted with effect from the 1st day of April, 1971, namely:—

"*Explanation.*—For the purposes of clauses (a) and (b), if in the previous year, the income applied to charitable or religious purposes in India falls short of the income derived during that year from property held under trust, or, as the case may be, held under trust in part, by any amount, so much of the income applied to such purposes in India during the period of three months immediately following the previous year as does not exceed the said amount may, at the option of the person in receipt of the income [such option to be exercised in writing before the expiry of the time allowed under sub-section (1) or sub-section (2) of section 139, whether fixed originally or on extension, for furnishing the return of income], be deemed to be income applied to such purposes during the previous year, and the income so deemed to have been applied shall not be taken into account in calculating the amount of income applied to such purposes during the immediately following previous year";

(b) for sub-section (2), the following sub-section shall be substituted with effect from the 1st day of April, 1971, namely:—

"(2) Where any income referred to in clause (a) or clause (b) of sub-section (1) read with the *Explanation* to that sub-section is not applied or is not deemed to have been applied to charitable or religious purposes in India during the previous year but is accumulated, or finally set apart, for application to such purposes in India, such income shall not be included in the total income of the previous year of the person in receipt of the income provided the following conditions are complied with, namely:—

(a) such person specifies, by notice in writing given to the Income-tax Officer in the prescribed manner, the purpose for which the income is being accumulated or set apart and the period for which the income is to be accumulated or set apart, which shall in no case exceed ten years;

(b) the money so accumulated or set apart is—

(i) invested in any Government security as defined in clause (2) of section 2 of the Public Debt Act, 1944 or in any other security which may be approved by the Central Government in his behalf, or

(ii) deposited in any account with the Post Office Savings Bank [including deposits made under the Post Office (Time Deposits) Rules, 1970] or a banking company to which the

Banking Regulation Act, 1949 10 of 1949. applies (including any bank or banking institution referred to in section 51 of that Act) or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank), or

(iii) deposited in an account with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36.”;

(c) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 1971, namely:—

“(3) Any income referred to in sub-section (2) which—

(a) is applied to purposes other than charitable or religious purposes as aforesaid or ceases to be accumulated or set apart for application thereto, or

(b) ceases to remain invested in any security referred to in sub-clause (i) or deposited in any account referred to in sub-clause (ii) or sub-clause (iii) of clause (b) of that sub-section, or

(c) is not utilised for the purpose for which it is so accumulated or set apart during the period referred to in clause (a) of that sub-section or in the year immediately following the expiry thereof,

shall be deemed to be the income of such person of the previous year in which it is so applied or ceases to be so accumulated or set apart or ceases to remain so invested or deposited or, as the case may be, of the previous year immediately following the expiry of the period aforesaid.”;

(d) in sub-section (4), the words, brackets and figure “and accordingly chargeable to tax within the meaning of sub-section (3)” shall be omitted with effect from the 1st day of April, 1971.

6. Substitution of new section for section 13.—For section 13 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1971, namely:—

“13. Section 11 not to apply in certain cases.—

(1) Nothing contained in section 11 shall operate so as to exclude from the total income of the previous year of the person in receipt thereof—

(a) any part of the income from the property held under a trust for private religious purposes which does not enure for the benefit of the public;

(b) in the case of a trust for charitable purposes or a charitable institution created or established after the commencement of this Act, any income thereof if the trust or institution is created or established for the benefit of any particular religious community or caste;

(c) in the case of a trust for charitable or religious purposes or a charitable or religious institution, any income thereof—

(i) if such trust or institution has been created or established after the commencement of this Act and under the terms of the trust or the rules governing the institution, any part of such income enures, or

(ii) if any part of such income or any property of the trust or institution (whenever created or established) is during the previous year used or applied,

directly or indirectly for the benefit of any person referred to in sub-section (3):

Provided that in the case of a trust or institution created or established before the commencement of this Act, the provisions of sub-clause (ii) shall not apply to any use or application, whether directly or indirectly, of any part of such income or any property of the trust or institution for the benefit of any person referred to in sub-section (3), if such use or application is by way of compliance with a mandatory term of the trust or a mandatory rule governing the institution:

Provided further that in the case of a trust for religious purposes or a religious institution (whenever created or established) or a trust for charitable purposes or a charitable institution created or established before the commencement of this Act, the provision of sub-clause (ii) shall not apply to any use or application, whether directly or indirectly, of any part of such income or any property of the trust or institution for the benefit of any person referred to in sub-section (3) in so far as such use or application relates to any period before the 1st day of June, 1970.

(2) Without prejudice to the generality of the provisions of clause (c) of sub-section (1), the income or the property of the trust or institution or any part of such income or property shall, for the purposes of that clause, be deemed to have been used or applied for the benefit of a person referred to in sub-section (3),—

(a) if any part of the income or property of the trust or institution is, or continues to be, lent to any person referred to in sub-section (3) for any period during the previous year without either adequate security or adequate interest or both;

(b) if any land, buildings or other property of the trust or institution is, or continues to be, made available for the use or any person referred to in sub-section (3), for any period during the previous year without charging adequate rent or other compensation;

(c) if any amount is paid by way of salary, allowance or otherwise during the previous year to any person referred to in sub-section (3) out of the resources of the trust or institution for services rendered by that person to such trust or institution and the amount so paid is in excess of what may be reasonably paid for such services;

(d) if the services of the trust or institution are made available to any person referred to in

sub-section (3) during the previous year without adequate remuneration or other compensation;

(e) if any share, security or other property is purchased by or on behalf of the trust or institution from any person referred to in sub-section (3) during the previous year for consideration which is more than adequate;

(f) if any share, security or other property is sold by or on behalf of the trust or institution to any person referred to in sub-section (3) during the previous year for consideration which is less than adequate;

(g) if a substantial portion of the income or property of the trust or institution is diverted during the previous year in favour of any person referred to in sub-section (3); or

(h) if any funds of the trust or institution are, or continue to remain, invested for any period during the previous year (not being a period before the 1st day of January, 1971) in any concern in which any person referred to in sub-section (3) has a substantial interest.

(3) The persons referred to in clause (c) of sub-section (1) and sub-section (2) are the following, namely:—

(a) the author of the trust or the founder of the institution;

(b) any person who has made a substantial contribution to the trust or institution;

(c) where such author, founder or person is a Hindu undivided family, a member of the family;

(d) any relative of any such author, founder, person or member as aforesaid;

(e) any concern in which any of the persons referred to in clauses (a), (b), (c) and (d) has a substantial interest.

(4) Notwithstanding anything contained in clause (c) of sub-section (1), in a case where the aggregate of the funds of the trust or institution invested in a concern in which any person referred to in sub-section (3) has a substantial interest, does not exceed five per cent. of the capital of that concern, the exemption under section 11 shall not be denied in relation to any income other than the income arising to the trust or the institution from such investment, by reason only that the moneys of the trust or the institution have been invested in a concern in which such person has a substantial interest.

Explanation 1.—For the purposes of sections 11 and 12 and this section, “trust” includes any other legal obligation and for the purposes of this section “relative” also includes a lineal descendant of a brother or sister.

Explanation 2.—A trust or institution created or established for the benefit of Scheduled Castes, backward classes, Scheduled Tribes or women and children shall not be deemed to be a trust or institution created or established for the benefit of a religious community or caste within the meaning of clause (b) of sub-section (1).

Explanation 3.—For the purposes of this section, a person shall be deemed to have a substantial interest in a concern.

(i) in a case where the concern is a company, if its shares (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than twenty per cent. of the voting power are, at any time during the previous year, owned beneficially by such person or partly by such person and partly by one or more of the other persons referred to in sub-section (3);

(ii) in the case of any other concern, if such person is entitled, or such person and one or more of the other persons referred to in sub-section (3) are entitled in the aggregate, at any time during the previous year, to not less than twenty per cent. of the profits of such concern.’

7. **Amendment of section 16.**—In section 16 of the Income-tax Act, for clause (iv), the following clause shall be substituted with effect from the 1st day of April, 1971, namely:—

“(iv) where the assessee is not in receipt of a conveyance allowance, whether as such or as part of his salary, in respect of expenditure on travelling for the purposes of his employment, a sum calculated in respect of each calendar month or part thereof comprised in the period of his employment during the previous year, on the basis provided hereunder, namely:—

(a) where the assessee owns a motor car which is used for the purposes of his employment Rs. 200;

(b) where the assessee owns a motor cycle, scooter or other moped which is used for the purposes of his employment Rs. 60;

(c) in any other case Rs. 35;”.

8. **Amendment of section 35B.**—In section 35B of the Income-tax Act, in sub-section (1), for sub-clause (iii) of clause (b), the following sub-clause shall be, and shall be deemed always to have been, substituted, namely:—

“(iii) distribution, supply or provision outside India of such goods, services or facilities, not being expenditure incurred in India in connection therewith or expenditure (wherever incurred) on the carriage of such goods to their destination outside India or on the insurance of such goods while in transit;”.

9. **Amendment of section 36.**—In section 36 of the Income-tax Act, in clause (viii) of sub-section (1), the following *Explanation* shall be deemed to have been inserted at the end with effect from the 1st day of April, 1966, namely:—

“Explanation.—For the removal of doubts, it is hereby declared that in the case of a financial corporation to which sub-clause (a) applies, if the amount carried to the reserve account referred to in this clause in the accounts of the previous year relevant to the assessment year commencing on the 1st day of April, 1966, falls short of twenty-five per cent. of the total income and the amount transferred to such reserve account in the accounts of the immediately succeeding previous year exceeds to the amount in respect of which the corporation is entitled to the deduction under this clause for the assessment year commencing on the 1st day of April, 1967, an amount equal to such excess shall,

for the purpose of allowing the deduction under this clause, be deemed to have been transferred to the reserve account in the accounts of the first-mentioned previous year;”.

10. Amendment of section 37.—In section 37 of the Income-tax Act, —

(a) in the *Explanation* to sub-section (2A), for the words “For the purposes of this sub-section”, the words, brackets, figure and letter “For the purposes of this sub-section and sub-section (2B)” shall be substituted;

(b) after sub-section (2A), the following sub-section shall be inserted, namely:—

“(2B) Notwithstanding anything contained in this section, no allowance shall be made in respect of expenditure in the nature of entertainment expenditure incurred within India by any assessee after the 28th day of February, 1970.”;

(c) after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) Notwithstanding anything contained in sub-section (1) or sub-section (3),—

(i) no allowance shall be made in respect of any expenditure incurred by the assessee after the 28th day of February, 1970, on the maintenance of any residential accommodation in the nature of a guest house (such residential accommodation being hereafter in this sub-section referred to as “guest house”);

(ii) in relation to the assessment year commencing on the 1st day of April, 1971, or any subsequent assessment year, no allowance shall be made in respect of depreciation of any building used as a guest house or depreciation of any assets in a guest house:

Provided that the aggregate of the expenditure referred to in clause (i) and the amount of any depreciation referred to in clause (ii) shall, for the purposes of this sub-section, be reduced by the amount, if any, received from persons using the guest house:

Provided further that nothing in this sub-section shall apply in relation to any guest house maintained as a holiday home if such guest house —

(a) is maintained by an assessee who has throughout the previous year employed not less than one hundred whole-time employees in a business or profession carried on by him; and

(b) is intended for the exclusive use of such employees while on leave.

Explanation.—For the purposes of this sub-section, —

(i) residential accommodation in the nature of a guest house shall include accommodation hired or reserved by the assessee in a hotel for a period exceeding one hundred and eighty-two days during the previous year; and

(ii) the expenditure incurred on the maintenance of a guest house shall, in a case where the residential accommodation has been hired by the assessee, include also the rent paid in respect of such accommodation.”.

11. Amendment of Chapter IV-E relating to capital gains.—In Chapter IV-E of the Income-tax Act, —

(a) in section 45, for the words and figures “sections 53 and 54”, the words, figures and letter “sections 53, 54 and 54B” shall be substituted;

(b) in section 47, after clause (vii), the following clause shall be inserted, namely:—

“(viii) any transfer of agricultural land in India effected before the 1st day of March, 1970”;

(c) after section 54A, the following section shall be inserted, namely:—

“54B. Capital gain on transfer of land used for agricultural purposes not to be charged in certain cases.—Where the capital gain arises from the transfer of a capital asset being land which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee or a parent of his for agricultural purposes, and the assessee has, within a period of two years after that date, purchased any other land for being used for agricultural purposes, then, instead of the capital gain being charged to income-tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say, ...

(i) if the amount of the capital gain is greater than the cost of the land so purchased (hereinafter referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be nil; or

(ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be reduced by the amount of the capital gain.”.

12. Amendment of section 80C.—In section 80C of the Income-tax Act, —

(a) in sub-section (2), after clause (f), the following clause shall be inserted with effect from the 1st day of April, 1971, namely:—

“(g) where the assessee is an association of persons or a body of individuals consisting only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu —

(i) any sums paid in the previous year by the assessee out of its income chargeable to tax —

(1) to effect or to keep in force an insurance on the life of any member of such association or body or on the life of any child of any of the members of such association or body; or

(2) to effect or to keep in force a contract for a deferred annuity on the life of any member of such association or body or any child of any of the members of such association or body, notwithstanding that such contract contains a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity; or

(3) as a contribution to any provident fund referred to in sub-clause (iv) of clause (a);

(ii) any sums deposited in the previous year by such association or body out of its income chargeable to tax in a 10-year account or a 15-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959 as amended from time to time.”;

(b) in sub-section (3), for the words, brackets and letters “clauses (a) and (b), the words, brackets and letters “clauses (a), (b) and (g)” shall be substituted with effect from the 1st day of April, 1971;

(c) in sub-section (4), after clause (iii), the following clause shall be inserted with effect from the 1st day of April, 1971, namely:—

“(iv) in the case of an association of persons or a body of individuals referred to in clause (g) of sub-section (2), thirty per cent. of the gross total income of such association or body, or fifteen thousand rupees, whichever is less.”.

13. Amendment of section 80G.—In section 80G of the Income-tax Act,—

(a) in clause (i) of sub-section (5), after the word, brackets and figures “clause (22)”, the words, brackets, figures and letter “or clause (22A)” shall be inserted;

(b) for Explanation 2, the following *Explanation* shall be substituted with effect from the 1st day of April, 1971, namely:—

“*Explanation 2.*—For the removal of doubts, it is hereby declared that a deduction to which the assessee is entitled in respect of any donation made to an institution or fund to which sub-section (5) applies shall not be denied merely on either or both of the following grounds, namely:—

(i) that, subsequent to the donation, any part of the income of the institution or fund has become chargeable to tax due to non-compliance with any of the provisions of section 11;

(ii) that, under clause (c) of sub-section (1) of section 13, the exemption under section 11 is denied to the institution or fund in relation to any income arising to it from any investment referred to in clause (h) of sub-section (2) of section 13 where the aggregate of the funds invested by it in a concern referred to in the said clause (h) does not exceed five per cent. of the capital of that concern.”.

14. Substitution of new section for section 80L.—For section 80L of the Income-tax Act, the follow-

ing section shall be substituted with effect from the 1st day of April, 1971, namely:—

“**80L. Deductions in respect of interest on certain securities, dividends, etc.**—(1) Where the gross total income of an assessee includes any income by way of—

(i) interest on any security of the Central Government or a State Government (not being interest payable under section 280D in respect of any annuity deposit made under Chapter XXIIA);

(ii) interest on such debentures, issued by any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank) or any other institution or authority, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(iii) interest on deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette;

(iv) dividends from any Indian company;

(v) income received in respect of units from the Unit Trust of India established under the Unit Trust of India Act, 1963;

52 of 1963.

(vi) interest on deposits with a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or

10 of 1949.

(vii) interest on deposits with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36,

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction as specified hereunder, namely:—

(a) in a case where the amount of such income does not exceed in the aggregate three thousand rupees, the whole of such amount; and

(b) in any other case, three thousand rupees.

(2) In a case where the assessee is entitled also to the deduction under section 80K in relation to the whole or any part of the income by way of dividends referred to in clause (iv) of sub-section (1), only so much of such income by way of dividends as may remain after the deduction under section 80K shall be taken into account for the purpose of allowing the deduction under sub-section (1).”.

15. Amendment of section 80M.—In section 80M of the Income-tax Act, for sub-section (2), the following sub-section shall be substituted with effect from the 1st day of April, 1971, namely:—

“(2) Where a company to which this section applies is entitled also to the deduction in respect of income by way of dividends under section 80K

or section 80L, the deduction under sub-section (1) shall be allowed in respect of income by way of dividends referred to therein as reduced by the aggregate of the deductions, if any, in respect of income by way of dividends under section 80K and section 80L.

Explanation.—For the purposes of this section, the deduction in respect of income by way of dividends under section 80L shall be taken to be so much of the amount of the deduction under that section as may be in excess of the aggregate of the items of income referred to in clauses (i), (ii), (iii), (v), (vi) and (vii) of sub-section (1) of that section.”

16. Amendment of section 80MM.—In section 80MM of the Income-tax Act, in sub-section (1), for the portion beginning with the words “under an agreement” and ending with the words “total income of the assessee”, the following shall be substituted, namely:—

“under an agreement entered into by the assessee with such person on or after the 1st day of April, 1969 and approved by the Central Government in this behalf, there shall be allowed a deduction from such income of an amount equal to forty per cent. thereof, in computing the total income of the assessee:

Provided that the application for such approval is made to the Central Government before the 1st day of October of the relevant assessment year.”

17. Amendment of section 116.—In section 116 of the Income-tax Act, for clause (c), the following clause shall be substituted, namely:—

“(c) Commissioners of Income-tax and Additional Commissioners of Income-tax,”.

18. Amendment of section 117.—In section 117 of the Income-tax Act, in sub-section (1), after the words “Directors of Inspection, Commissioners of Income-tax,” the words “Additional Commissioners of Income-tax,” shall be inserted.

19. Substitution of new section for section 130.—For section 130 of the Income-tax Act, the following section shall be substituted, namely:—

“130. Commissioner competent to perform any function or functions.—(1) In respect of any function to be performed by a Commissioner under any provision of this Act in relation to an assessee, the Commissioner referred to therein shall,—

(a) in a case where only one Commissioner has jurisdiction over such assessee, be such Commissioner;

(b) in a case where two or more Commissioners have concurrent jurisdiction over such assessee, be the Commissioner empowered to perform such function by the Board.

(2) Subject to the provisions of sub-section (1), for the purposes of sections 253, 254, 256, 263 and 264, the Commissioner referred to therein shall, in relation to an assessee, be the Commissioner having for the time being jurisdiction over the assessee.”

20. Amendment of section 139.—In section 139 of the Income-tax Act, after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of April, 1971, namely:—

“(4A) Every person in receipt of income derived from property held under trust or other legal obligation wholly for charitable or religious purposes, or in part only for such purposes, shall, if the total income in respect of which he is assessable as a representative assessee [the total income for this purpose being computed under this Act without giving effect to the provisions of sub-section (1) of section 11] exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1).”

21. Substitution of new section for section 164.—For section 164 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1971, namely:—

‘164. Charge of tax where share of beneficiaries unknown.—(1) Subject to the provisions of sub-sections (2) and (3), where any income in respect of which the persons mentioned in clauses (iii) and (iv) of sub-section (1) of section 160 are liable as representative assessee or any part thereof is not specifically receivable on behalf or for the benefit of any one person or where the individual shares of the persons on whose behalf or for whose benefit such income or such part thereof is receivable are indeterminate or unknown (such income, such part of the income and such persons being hereafter in this section referred to as “relevant income”, “part of relevant income” and “beneficiaries”, respectively), tax shall be charged—

(i) as if the relevant income or part of relevant income were the total income of an association of persons, or

(ii) at the rate of sixty-five per cent.,

whichever course would be more beneficial to the revenue:

Provided that in a case where—

(i) none of the beneficiaries has any other income chargeable under this Act; or

(ii) the relevant income or part of relevant income is receivable under a trust declared by will; or

(iii) the relevant income or part of relevant income is receivable under a trust created before the 1st day of March, 1970 by a non-testamentary instrument and the Income-tax Officer is satisfied, having regard to all the circumstances existing at the relevant time, that the trust was created *bona fide* exclusively for the benefit of the relatives of the settlor, or where the settlor is a Hindu undivided family, exclusively for the benefit of the members of such family, in circumstances where such relatives or members were mainly dependent on the settlor for their support and maintenance; or

(iv) the relevant income is receivable by the trustees on behalf of a provident fund, superan-

nuation fund, gratuity fund, pension fund or any other fund created *bona fide* by a person carrying on a business or profession exclusively for the benefit of persons employed in such business or profession,

tax shall be charged as if the relevant income or part of relevant income were the total income of an association of persons.

(2) In the case of relevant income which is derived from property held under trust wholly for charitable or religious purposes, tax shall be charged on so much of the relevant income as is not exempt under section 11, as if the relevant income not so exempt were the income of an association of persons.

(3) In a case where the relevant income is derived from property held under trust in part only for charitable or religious purposes and either the relevant income applicable to purposes other than charitable or religious purposes (or any part thereof) is not specifically receivable on behalf of any one person or the individual shares of the beneficiaries in the income so applicable are indeterminate or unknown, the tax chargeable on the relevant income shall be either—

(a) the tax which would be chargeable if the whole of the relevant income (as reduced by the income, if any, which is exempt under section 11) were the total income of an association of persons; or

(b) the aggregate of—

(i) the tax which would be chargeable on that part of the relevant income which is applicable to charitable or religious purposes (as reduced by the income, if any, which is exempt under section 11) as if such part (or such part as so reduced) were the total income of an association of persons; and

(ii) the tax on that part of the relevant income which is applicable to purposes other than charitable or religious purposes, and in respect of which the shares of the beneficiaries are indeterminate or unknown, at the rate of sixtyfive per cent.,

whichever course would be more beneficial to the revenue:

Provided that in a case where—

(i) none of the beneficiaries in respect of the part of the relevant income which is not applicable to charitable or religious purposes has any other income chargeable under this Act; or

(ii) the relevant income is receivable under a trust declared by will; or

(iii) the relevant income is receivable under a trust created before the 1st day of March, 1970, by a non-testamentary instrument and the Income-tax Officer is satisfied, having regard to all the circumstances existing at the relevant time, that the trust, to the extent it is not for charitable or religious purposes, was created *bona fide* exclusively for the benefit of the relatives of the settlor, or where the settlor is a Hindu undivided family, exclusively for the benefit of the members of such family in circumstances where such relatives or members were mainly dependent on the settlor for their support and maintenance,

tax shall be charged as if the relevant income (as reduced by the income, if any, which is exempt under section 11) were the total income of an association of persons.

22. Amendment of section 193.—In section 193 of the Income-tax Act, in the proviso, after clause (ii), the following clauses shall be inserted, namely:—

“(iia) any interest payable on 7-Year National Savings Certificates (IV Issue); or

(iib) any interest payable on such debentures, issued by any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank) or any other institution or authority, as the Central Government may, by notification in the Official Gazette, specify in this behalf; or”.

23. Amendment of section 194A.—In section 194A of the Income-tax Act, in sub-section (3), after clause (v), the following clauses shall be inserted, namely:—

“(vi) to such income credited or paid in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette;

(vii) to such income credited or paid in respect of deposits with a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act), or with a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank).”.

24. Amendment of section 195.—In section 195 of the Income-tax Act, after sub-section (2), the following sub-sections shall be inserted, namely:—

“(3) Subject to rules made under sub-section (5), any person entitled to receive any interest or other sum on which income-tax has to be deducted under sub-section (1) may make an application in the prescribed form to the Income-tax Officer for the grant of a certificate authorising him to receive such interest or other sum without deduction of tax under that sub-section, and where any such certificate is granted, every person responsible for paying such interest or other sum to the person to whom such certificate is granted shall, so long as the certificate is in force, make payment of such interest or other sum without deducting tax thereon under sub-section (1).

(4) A certificate granted under sub-section (3) shall remain in force till the expiry of the period specified therein or, if it is cancelled by the Income-tax Officer before the expiry of such period, till such cancellation.

(5) The Board may, having regard to the convenience of assesseees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (3)

and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.”.

25. Amendment of section 212.—In section 212 of the Income-tax Act, to sub-section (3A), the following proviso shall be added, namely:—

“Provided that in a case where the Commissioner is satisfied that, having regard to the nature of the business carried on by the assessee and the date of expiry of the previous year in respect of such business, it will be difficult for the assessee to furnish the estimate required to be furnished by him in accordance with the provisions of this sub-section before the date on which the last instalment of advance tax is due in his case, he may, if the assessee pays the advance tax demanded from him under section 210 before such date, extend the date for furnishing such estimate up to a period of thirty days immediately following the last date of the previous year in respect of that business, and where the date is so extended, the assessee shall pay, on or before the date as so extended, the amount by which the amount of advance tax already paid by him falls short of the advance tax payable in accordance with this estimate.”.

CHAPTER IV

Other direct taxes

26. Amendment of Act 27 of 1957.—In the Wealth-tax Act, 1957, —

(a) in section 2, to sub-clause (2) of clause (e), the following proviso shall be added and shall be deemed to have been added with effect from the 1st day of April, 1969, namely:—

“Provided that, in relation to the State of Jammu and Kashmir, this sub-clause shall have effect subject to the modification that for the assets specified in items (i) to (iii) of this sub-clause, the assets specified in items (i) to (v) of sub-clause (1) shall be substituted and the other provisions of this Act shall be construed accordingly;”;

(b) in section 5, —

(i) in sub-section (1), —

(1) for the words “Wealth-tax shall not be payable by an assessee in respect of the following assets”, the words, brackets, figure and letter “Subject to the provision of sub-section (1A), wealth-tax shall not be payable by an assessee in respect of the following assets” shall be substituted with effect from the 1st day of April, 1971;

(2) for clause (iv), the following clause shall be substituted with effect from the 1st day of April, 1971, namely:—

“(iv) one house or part of a house belonging to the assessee and exclusively used by him for residential purposes:

Provided that, where the value of such house or part exceeds one hundred thousand rupees, the amount that shall not be included in the net wealth of the assessee under this clause shall be one hundred thousand rupees;”;

(3) after clause (iva), the following clause shall be inserted with effect from the 1st day of April, 1971, namely:—

“(ivb) one building or one group of buildings owned by a cultivator of, or receiver of rent or revenue out of, agricultural land:

Provided that such building or group of buildings is on or in the immediate vicinity of the land and is required by the cultivator or the receiver of rent or revenue, by reason of his connection with the land, as dwelling house, store-house or outhouse;”;

(4) in clause (xv), for the words “fixed deposits”, the word “deposits” shall be substituted with effect from the 1st day of April, 1971;

(5) after clause (xxi), the following clauses shall be inserted with effect from the 1st day of April, 1971, namely:—

“(xxii) any security of the Central Government or a State Government [not being a security referred to in clause (xvi) or clause (xvia)];

(xxiii) any shares [not being shares referred to in clause (xx)] held by the assessee in any Indian company where the assessee is an individual or a Hindu undivided family;

(xxiv) such debentures, issued by any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank) or any other institution or authority, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(xxv) units in the Unit Trust of India established under the Unit Trust of India Act, 1963; 52 of 1963.

(xxvi) any deposits with a banking company to which the Banking Regulation Act, 1949, 10 of 1949, applies (including any bank or banking institution referred to in section 51 of that Act), or with a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank);

(xxvii) any deposits with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36 of the Income-tax Act.”;

(ii) after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of April, 1971, namely:—

“(1A) Nothing contained in sub-section (1) shall operate to exclude from the net wealth of the assessee any assets referred to in clauses (xv), (xvi), (xxii), (xxiii), (xxiv), (xxv), (xxvi) and (xxvii) [not being deposits under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959], to the extent the value thereof exceeds in the aggregate, a

sum of one hundred and fifty thousand rupees:

Provided that where the assets include any assets referred to in clause (xv) or clause (xvi) [not being deposits under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959] which have been held by the assessee continuously from a date prior to the 1st day of March, 1970 and the value of the assets so included exceeds the limit of one hundred and fifty thousand rupees by any amount, such limit shall be raised by the said amount";

(iii) in sub-section (3), for the words, brackets and figures "clause (xvi) and clause (xix)", the words, brackets and figures "clauses (xv), (xvi), (xix), (xxii), (xxiii), (xxiv), (xxv), (xxvi) and (xxvii)" shall be substituted with effect from the 1st day of April, 1971;

(c) after section 11A, the following section shall be inserted, namely:—

"11AA. Commissioner competent to perform any function or functions.—In respect of any function to be performed by a Commissioner under any provision of this Act in relation to an assessee, the Commissioner referred to therein shall, —

(a) in a case where only one Commissioner has jurisdiction over such assessee, be such Commissioner;

(b) in a case where two or more Commissioners have concurrent jurisdiction over such assessee, be the Commissioner empowered to perform such functions by the Board";

(d) in section 14, to sub-section (1), the following proviso shall be added, namely:—

"Provided that in the case of a person whose net wealth or the net wealth of any other person in respect of which he is assessable under this Act includes the value of any assets held in a business or profession and the time (whether fixed originally or on extension) for furnishing the return of his total income or, as the case may be, of the total income of the other person aforesaid for the said assessment year under sub-section (1) or sub-section (2) or sub-section (3) of section 139 of the Income-tax Act, expires on or after the 30th day of June aforesaid, the return in respect of such net wealth for the assessment year may be furnished before the expiry of the time for furnishing such return of income.";

(e) in section 21, for sub-section (4), the following sub-section shall be substituted with effect from the 1st day of April, 1971, namely:—

"(4) Notwithstanding anything contained in this section, where the shares of the persons on whose behalf or for whose benefit any such assets are held are indeterminate or unknown, the wealth-tax shall be levied upon and recovered from the court of wards, administrator-general, official trustee, receiver, manager, or other person aforesaid as if the persons on whose behalf or for whose benefit the assets are held were an individual who is a citizen of India and

resident in India for the purposes of this Act, and—

(a) at the rates specified in Part I of the Schedule in the case of an individual; or

(b) at the rate of one and one-half per cent.,

whichever course would be more beneficial to the revenue:

Provided that in a case where—

(i) such assets are held under a trust declared by will; or

(ii) such assets are held under a trust created before the 1st day of March, 1970, by a non-testamentary instrument and the Wealth-tax Officer is satisfied, having regard to all the circumstances existing at the relevant time, that the trust was created *bona fide* exclusively for the benefit of the relatives of the settlor or where the settlor is a Hindu undivided family, exclusively for the benefit of the members of such family, in circumstances where such relatives or members were mainly dependent on the settlor for their support and maintenance; or

(iii) such assets are held by the trustees on behalf of a provident fund, superannuation fund, gratuity fund, pension fund or any other fund created *bona fide* by a person carrying on a business or profession exclusively for the benefit of persons employed in such business or profession,

wealth-tax shall be charged at the rates specified in Part I of the Schedule in the case of an individual.";

(f) in the Schedule,—

(i) for Part I, the following Part shall be substituted with effect from 1st day of April, 1971, namely:—

'PART I

Paragraph A

(1) In the case of every individual:—

Rate of tax

- | | |
|--|--|
| (a) where the net wealth does not exceed Rs. 1,00,000 | <i>Nil</i> ; |
| (b) where the net wealth exceeds Rs. 1,00,000 but does not exceed Rs. 5,00,000 | 1 per cent. of the amount by which the net wealth exceeds Rs. 1,00,000; |
| (c) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 4,000 plus 2 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000; |
| (d) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 15,00,000 | Rs. 14,000 plus 3 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000; |
| (e) where the net wealth exceeds Rs. 15,00,000 but does not exceed Rs. 20,00,000 | Rs. 29,000 plus 4 per cent. of the amount by which the net wealth exceeds Rs. 15,00,000; |
| (f) where the net wealth exceeds Rs. 20,00,000 | Rs. 49,000 plus 5 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000. |

(2) In the case of every Hindu undivided family:—

Rate of tax

- (a) where the net wealth does not exceed Rs. 2,00,000 Nil;
- (b) where the net wealth exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000 1 per cent. of the amount by which the net wealth exceeds Rs. 2,00,000;
- (c) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 Rs. 3000 plus 2 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;
- (d) where the net wealth exceeds Rs. 10,00,000 but does not exceed Rs. 15,00,000 Rs. 13,000 plus 3 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000;
- (e) where the net wealth exceeds Rs. 15,00,000 but does not exceed Rs. 20,00,000 Rs. 28,000 plus 4 per cent. of the amount by which the net wealth exceeds Rs. 15,00,000;
- (f) where the net wealth exceeds Rs. 20,00,000 Rs. 48,000 plus 5 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000.

(3) In addition, in the case of every individual and Hindu undivided family, where the net wealth of the individual or Hindu undivided family includes the value of any asset, being building or land (other than business premises) or any right in such building or land, situated in an urban area (such asset being hereafter in this Part referred to as urban asset):—

Rate of tax

- (a) where the total value of urban assets determined in accordance with the rules in Paragraph B does not exceed Rs. 5,00,000 Nil;
- (b) where the total value of urban assets determined in accordance with the rules in Paragraph B exceeds Rs. 5,00,000 but not exceed Rs. 10,00,000 5 per cent. of the amount by which such total value exceeds Rs. 5,00,000;
- (c) where the total value of urban assets determined in accordance with the rules in Paragraph B exceeds Rs. 10,00,000 Rs. 25,000 plus 7 per cent. of the amount by which such total value exceeds Rs. 10,00,000.

Paragraph B

Rule 1.—In this Part, —

(i) “business premises” means any building or land or part of such building or land, or any right in building or land or part thereof, owned by the assessee and used throughout the previous year for the purposes of his business or profession, and includes any building used for the purpose of residence of persons employed in the business or any building used for the welfare of such persons as a hospital, creche, school, canteen, library, recreational centre, shelter, rest-room or lunch-room, but does not include any premises in the nature of a guest house;

(ii) “previous year”, in relation to a business or profession, means the period which would be the previous year if an assessment of the profits and gains of such business or profession were to be made under the Income-tax Act for the assessment year;

(iii) “urban area” means, —

(a) any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the last preceding census of which the relevant figures have been published before the valuation date; or

(b) any area within such distance, not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (a), as the Central Government may, having regard to the extent of, and scope for, urbanisation of that area and other relevant considerations, specify in this behalf by notification in the Official Gazette.

Rule 2.—In determining, for the purposes of item (3) of Paragraph A, the value of any urban asset, —

(a) any debt (whether secured or not) incurred for the purpose of acquiring, improving, constructing, repairing, renewing or reconstructing such asset shall be deducted from the gross value of such asset;

(b) other debts which are deductible in computing the net wealth shall be deducted from the gross value of such asset [as reduced by the debts, if any, under clause (a)] only if, and to the extent that, such debts exceed the aggregate gross value of assets other than urban assets.

Rule 3. Where the net wealth of the assessee includes the value of his interest as a partner in a firm or as a member of an association of persons and the assets of such firm or association include any urban assets, then, notwithstanding anything contained in the Indian Partnership Act, 1932, or in any other law for the time being in force, the interest of the assessee in such firm or association, to the extent specified in the *Explanation* below, shall be deemed to be an urban asset and the provisions of item (3) of Paragraph A shall apply accordingly.

Explanation.—The extent of the interest of the assessee in a firm or association deemed to be an urban asset as aforesaid shall be a sum which bears to the value of the whole of the interests of the assessee in the firm or association the same proportion which the net value of the urban assets of the firm or association (determined under rule 2 as if they were urban assets belonging to an individual or a Hindu undivided family) bears to the net wealth of the firm or, as the case may be, the association, computed as if such firm or association were an individual.

Rule 4.—Where the net wealth of the assessee includes the value of any share (not being a share issued for full cash consideration where the holder of the share is not entitled, in the event of liquidation, to participate in the surplus assets) in a company which is not a company in which the public are substantially interested

[within the meaning of clause (18) of section 2 of the Income-tax Act] and the assets of such company include any urban assets, then, notwithstanding anything contained in the Companies Act, 1956, or in any other law for the time being in force, the value of such share, to the extent specified in the *Explanation* below, shall be deemed to be an urban asset and the provisions of item (3) of Paragraph A shall apply accordingly.

Explanation.—The extent to which the value of the share in a company is to be deemed to be an urban asset as aforesaid shall be a sum which bears to the value of such share the same proportion which the net value of the urban assets of the company (determined under rule 2 as if they were urban assets belonging to an individual or a Hindu undivided family) bears to the net wealth of the company.

(ii) Rule 2 appearing after PART II shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 1969.

27. Amendment of Act 18 of 1958.—In the Gift-tax Act, 1958,—

(a) in sub-section (2) of section 5, for the words “ten thousand”, the words “five thousand” shall be substituted with effect from the 1st day of April, 1971;

(b) section 11A shall be re-numbered as section 11AA, and before the section as so re-numbered, the following section shall be inserted, namely:—

“11A. Commissioner competent to perform any function or functions.—In respect of any function to be performed by a Commissioner under any provision of this Act, in relation to an assessee, the Commissioner referred to therein shall,—

(a) in a case where only one Commissioner has jurisdiction over such assessee, be such Commissioner;

(b) in a case where two or more Commissioners have concurrent jurisdiction over such assessee, be the Commissioner empowered to perform such function by the Board.”;

(c) for the Schedule, the following Schedule shall be substituted with effect from 1st day of April, 1971, namely:—

“THE SCHEDULE

(See section 3)

Rates of gift-tax

- | | |
|--|--|
| (1) Where the value of all taxable gifts does not exceed Rs. 20,000 | 5 per cent. of the value of such gifts; |
| (2) where the value of all taxable gifts exceeds Rs. 20,000 but does not exceed Rs. 50,000 | Rs. 1,000 plus 10 per cent. of the amount by which the value of such gifts exceeds Rs. 20,000; |
| (3) where the value of all taxable gifts exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 4,000 plus 15 per cent. of the amount by which the value of such gifts exceeds Rs. 50,000; |

- | | |
|--|--|
| (4) where the value of all taxable gifts exceed Rs. 1,00,000 but does not exceed Rs. 2,00,000 | Rs. 11,500 plus 20 per cent. of the amount by which the value of such gifts exceeds Rs. 1,00,000; |
| (5) where the value of all taxable gifts exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000 | Rs. 31,500 plus 25 per cent. of the amount by which the value of such gifts exceeds Rs. 2,00,000; |
| (6) where the value of all taxable gifts exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 1,06,500 plus 30 per cent. of the amount by which the value of such gifts exceeds Rs. 5,00,000; |
| (7) where the value of all taxable gifts exceeds Rs. 10,00,000 but does not exceed Rs. 15,00,000 | Rs. 2,56,500 plus 40 per cent. of the amount by which the value of such gifts exceeds Rs. 10,00,000; |
| (8) where the value of all taxable gifts exceeds Rs. 15,00,000 but does not exceed Rs. 20,00,000 | Rs. 4,56,500 plus 50 per cent. of the amount by which the value of such gifts exceeds Rs. 15,00,000; |
| (9) where the value of all taxable gifts exceeds Rs. 20,00,000 | Rs. 7,06,500 plus 75 per cent. of the amount by which the value of such gifts exceeds Rs. 20,00,000.”. |

CHAPTER V

Indirect taxes

28. Amendment of Act 32 of 1934.—The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act) shall be amended in the manner specified in the Second Schedule.

29. Special duties of customs.—(1) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Tariff Act, or in that Schedule as amended by this Act or a subsequent Central Act, if any, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a special duty of customs equal to ten per cent of such amount:

Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 30 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1971, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

30. Regulatory duties of customs.—(1) With a view to regulating or bringing greater economy in imports, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Tariff Act, or in that Schedule as amended by this Act or subsequent Central Act, if any, a regulatory duty of customs not exceeding—

(a) twenty-five per cent of the rate, if any, specified in the said First Schedule read with any

notification issued under section 3A, or sub-section (1) of section 4, of the Tariff Act; or

(b) ten per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962, whichever is higher: 52 of 1962

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1971, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act. 10 of 1897

(3) The regulatory duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962. 52 of 1962

(4) The provisions of the Customs Act, 1962, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations. 52 of 1962.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

31. Amendment of Act 1 of 1949. — In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1970", the figures "1971" shall be substituted.

32. Amendment of Act 1 of 1944. — In the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), in the First Schedule,—

(i) in Item No. 1, for the entries in the third column against sub-items (1) and (2), the entries "Thirty per cent. *ad valorem*." and "Fifteen per cent. *ad valorem*." shall, respectively, be substituted;

(ii) for Item No. 1A, the following Item shall be substituted namely:—

"1A. CONFECTIONERY, COCOA POWDER AND CHOCOLATES IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER, NAMELY:—

(1) Boiled sweets, toffees, caramels, candies, nuts (including almonds) and fruit kernels coated with sweetening agent, and chewing gums. Eighty paise per kilogram.

(2) Cocoa powder. Ten per cent. *ad valorem*.

(3) Drinking chocolates, chocolates in the form of granules or powder. Ten per cent. *ad valorem*.

(4) Chocolates in the form of blocks, slabs, tablets, bars, pastilles or croquettes or in any other form, not otherwise specified, whether or not containing nuts, fruit kernels or fruits. Eighty paise per kilogram."

(iii) after item No. IB, the following Items shall be inserted, namely:—

"1C FOOD PRODUCTS, IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER, THE FOLLOWING, NAMELY:— Ten per cent. *ad valorem*.

(1) Biscuits.

(2) Pasteurised butter.

(3) Pasteurised or processed cheese.

1D. AERATED WATERS, WHETHER OR NOT FLAVOUR OR SWEETENED AND WHETHER OR NOT CONTAINING VEGETABLE OR FRUIT JUICE OR FRUIT PULP. Ten per cent. *ad valorem*.

1E. GLUCOSE AND DEXTROSE. Ten per cent. *ad valorem*."

(iv) for Item No. 2, the following Item shall be substituted, namely:—

"2. COFFEE —

(1) coffee, cured. Eighty-five rupees per quintal.

(2) coffee commercially known as "instant coffee". Ten per cent. *ad valorem* plus the duty for the time being leviable under sub-item (1) of this Item on coffee, cured, used in the manufacture of such "instant coffee", if not already paid.

Explanation. — For the purposes of sub-item (1), "coffee" means the seed of the coffee tree (*coffea*), whether with or without husk, whether cured or uncured, but does not include the seed while still attached to the tree."

(v) for Item No. 3, the following Item shall be substituted, namely:—

' TEA

"Tea" includes all varieties of the product known commercially as tea, and also includes green tea and "instant tea".

(1) Tea, all varieties except package tea and "instant tea" falling within sub-items (2) and (3), respectively, of this Item.

Not exceeding two rupees per kilogram as the Central Government may, by notification in the Official Gazette, fix

(2) Package tea, that is to say, tea packed in any kind of container containing not more than 27 kilograms net of tea but excluding "instant tea".

One rupee and twenty-five paise per kilogram plus the duty for the time being leviable under sub-item (1) of this Item, if not already paid.

(3) "Instant tea."

Ten per cent. *ad valorem* plus the duty for the time being leviable on tea falling under sub-item (1) of this Item, if not already paid and if such tea is used in the manufacture of such "instant tea".;

(vi) in Item No. 4, under "II. Manufactured tobacco—", for the entry in the third column against sub-item (2), the entry "One hundred and fifty per cent. *ad valorem*." shall be substituted;

(vii) in Item No. 6, for the entry in the third column, the entry "Seven hundred and twenty rupees per kilolitre at fifteen degrees of Centigrade thermometer." shall be substituted;

(viii) in Item No. 14A, for the entry in the third column, the entry "Ten per cent. *ad valorem*." shall be substituted;

(ix) after Item No. 14A, the following Item shall be inserted, namely:—

"14AA CHEMICALS, THE FOLLOWING, NAMELY:— Ten per cent, *ad valorem*."

- (1) Calcium carbide.
- (2) Bleaching paste and bleaching powder.
- (3) Sodium hydrosulphite.

(x) in Item No. 14B, for the entry in the third column, the entry "Ten per cent. *ad valorem*." shall be substituted;

(xi) after Item No. 16A, the following Item shall be inserted, namely:—

"16AA. SYNTHETIC RUBBER, INCLUDING BUTADIENE ACRYLONITRILE RUBBER, STYRENE BUTADIENE RUBBER AND BUTYL RUBBER; SYNTHETIC RUBBER LATEX, INCLUDING PRE-VULCANISED SYNTHETIC RUBBER LATEX. Three hundred rupees per tonne.";

(xii) in Item No. 19, in sub-item I(1), after the word "lappet," the words "butta fabrics, round mesh mosquito netting," shall be inserted;

(xiii) in Item No. 22, for the entry in the third column against sub-item (1), the entry "Ten per cent. *ad valorem*." shall be substituted;

(xiv) in Item No. 23B, for the entries in the third column against each of the sub-items (2) and (3), the entry "Twenty-five per cent. *ad valorem*." shall be substituted;

(xv) in Item No. 26AA, —

(a) in sub-item, (ia), for the words "angles channels", the words "angles other than slotted angles, channels other than slotted channels" shall be substituted;

(b) in sub-item (ii), after the word "channels", the words "other than slotted channels" shall be inserted;

(xvi) for Item No. 27, the following Item shall be substituted, namely:—

"27 ALUMINIUM—

(a) (i) in any crude form including ingots, bars, blocks, slabs, billets, shots and pellets; Twenty-five per cent. *ad valorem*;

(ii) wire bars, wire rods and castings, not otherwise specified. Twenty-five per cent. *ad valorem*.

(b) Manufactures, the following namely, plates, sheets, circles and strips in any form or size, not otherwise specified. Twenty-five per cent. *ad valorem*.

(c) Foils, that is a product of thickness (excluding any backing) not exceeding 0.15 millimetre. Twenty per cent. *ad valorem*.

(d) Pipes and tubes, other than extruded pipes and tubes. Twenty-five per cent. *ad valorem*.

(e) Extruded shapes and sections including extruded pipes and tubes. Twenty-five per cent. *ad valorem*."

(xvii) in Item No. 28, for the entry in the third column, the entry "Four hundred rupees per metric tonne." shall be substituted;

(xviii) in Item No. 29A, for the entries in the third column against sub-items (1), (2) and (3), the entries "Forty per cent. *ad valorem*.", "Forty per cent. *ad valorem*." and "Fifty per cent. *ad valorem*." shall, respectively, be substituted;

(xix) after Item No. 33C, the following Item shall be inserted, namely:—

"33D. OFFICE MACHINES AND APPARATUS, INCLUDING TYPEWRITERS, CALCULATING MACHINES, CASH REGISTERS, CHECKWRITING MACHINES, ACCOUNTING MACHINES, STATISTICAL MACHINES, COMPUTERS (INCLUDING CENTRAL PROCESSING UNITS AND PERIPHERAL DEVICES), INTERCOM DEVICES (BUT EXCLUDING TELEPHONES), TELEPRINTERS AND AUXILIARY MACHINES FOR USE WITH SUCH MACHINES, WHETHER IN ASSEMBLED OR UNASSEMBLED CONDITION. Ten per cent, *ad valorem*."

Explanation.—The term "office machines and apparatus" shall be construed so as to include all machines and apparatus used in offices, shops, factories, workshops, educational institutions, railway stations, hotels and restaurants for doing office work, for data processing and for transmission and reception of messages.;

(xx) in Item No. 40, for the entry in the second column the following entry shall be substituted, namely:—

"STEEL FURNITURE MADE PARTLY OR WHOLLY OF STEEL, IN OR IN RELATION TO THE MANUFACTURE OF WHICH ANY PROCESS IS ORDINARILY CARRIED ON WITH THE AID OF POWER WHETHER IN ASSEMBLED OR UNASSEMBLED CONDITION AND PARTS OF SUCH STEEL, FURNITURE (BUT EXCLUDING SLOTTED ANGLES AND CHANNELS MADE OF STEEL).";

(xxi) after Item No. 43, the following Items shall be inserted, namely:—

| | |
|---|---------------------------------------|
| "44 SPARKING PLUGS | Ten per cent, <i>ad valorem</i> ." |
| 45 SAFETY RAZOR BLADES MADE OF STAINLESS STEEL. | Ten per cent, <i>ad valorem</i> ." |
| 46 METAL CONTAINERS ORDINARILY INTENDED FOR PACKAGING OF GOODS FOR SALE, INCLUDING CASKS, DRUMS, CANS, BOXES, GAS CYLINDERS AND PRESSURE CONTAINERS | Ten per cent, <i>ad valorem</i> ." |

BUT EXCLUDING COLLAPSIBLE TUBULAR CONTAINERS MADE OF ALUMINIUM.

47 SLOTTED ANGLES AND CHANNELS MADE OF STEEL. Ten per cent, *ad valorem* plus the excise duty for the time being leviable on angles and channels under sub-item (ia) "or", as the case may be sub-item (ii) of Item No. 26-AA, if not already paid.

48 SAFES, STRONG-BOXES, STRONG-ROOM LININGS AND STRONG-ROOM DOORS (WHETHER OR NOT WITH DOOR FRAMES), AND CASH AND DEED BOXES AND THE LIKE, OF BASE METAL. Ten per cent. *ad valorem*."

33. Special duties of excise on certain goods. — (1) When goods of the description mentioned in this section chargeable with a duty of excise under the Central Excises Act (as amended by this Act or any subsequent Central Act) read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, are assessed to duty, there shall be levied and collected—

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 22A, 23A except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of the First Schedule to the Central Excises Act, a special duty of excise equal to ten per cent. of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items I, II(2) and II(3) of Item No. 4, Items Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21, 22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1), (3a) and (4) of Item No. 34 and sub-items II(1), and II(2) of Item No. 37 of that Schedule, a special duty of excise equal to twenty per cent. of the total amount so chargeable on such goods; and

(c) as respects goods comprised in sub-item II(1) of Item No. 4 and Items Nos. 18, 18A(1), 18B, 20, 29A, 33A and sub-items (2) and (3) of Item No. 34 of that Schedule, a special duty of excise equal to 33-1/3 per cent. of the total amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1971, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then repealed by a Central Act. 10 of 1897

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of duties of excise on such goods under that Act or those rules.

34. Regulatory duties of excise. — (1) With a view to regulating or bringing greater economy in consumption, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Central Excises Act as amended by this Act or any subsequent Central Act, a regulatory duty of excise which shall not exceed fifteen per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1971, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, 10 of 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

35. Amendment of Act 58 of 1957. — In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957—

(i) in Item No. 1, for the entry in the third column, the entry "Seven and a half per cent. *ad valorem*." shall be substituted;

(ii) in item No. 19, in sub-item I (1), after the word "lappet," the words "butta fabrics, round mesh mosquito netting," shall be inserted;

(iii) in Item No. 22, for the entry in the third column against sub-item (1), the entry "Two and a half per cent. *ad valorem*." shall be substituted.

36. Discontinuance of salt duty. — For the year beginning on the 1st day of April, 1970, no duty under the Central Excises Act, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

CHAPTER VI

Miscellaneous

37. Amendment of Act 6 of 1898. — In the First Schedule to the Indian Post Office Act, 1898,—

(a) for the sub-heading "*Book, Pattern and Sample packets*" and the entries thereunder, the following shall be substituted, namely:—

"Book, Pattern and Sample packets

For the first fifty grams or fraction thereof 20 paise

For every additional twenty-five grams, or fraction thereof, in excess of fifty grams 10 paise";

(b) for the sub-heading "*Parcels*" and the entries thereunder, the following shall be substituted, namely:—

"Parcels

For a weight not exceeding four hundred grams 90 paise

For every four hundred grams, or fraction thereof, exceeding four hundred grams 90 paise".

38. Amendment of Act 52 of 1963. — In section 32 of the Unit Trust of India Act, 1963,—

(a) in sub-section (1), clause (b) shall be omitted with effect from the 1st day of April, 1971;

(b) in sub-section (2), in clause (c), for the words "one thousand rupees" in both the places where they occur, the words "three thousand rupees" shall be substituted.

39. Amendment of Act 7 of 1964. — In section 3 of the Companies (Profits) Surtax Act, 1964, after the words "Director of Inspection, Commissioner of Income-tax," the words "Additional Commissioner of Income-tax," shall be inserted.

THE FIRST SCHEDULE

(See section 2)

PART I

Income-tax and Surcharge on Income-tax

Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to

in sub-clause (vii) of Clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

| | |
|---|--|
| (1) where the total income does not exceed Rs. 5,000 | 5 per cent. of the total income; |
| (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 | Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000; |
| (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 | Rs. 750 plus 17 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,600 plus 23 per cent. of the amount by which the total income exceeds Rs. 15,000; |
| (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 2,750 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000; |
| (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 | Rs. 4,250 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000 | Rs. 6,250 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000; |
| (8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000 | Rs. 16,250 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000; |
| (9) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000 | Rs. 28,250 plus 65 per cent. of the amount by which the total income exceeds Rs. 70,000; |
| (10) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,50,000 | Rs. 47,750 plus 70 per cent. of the amount by which the total income exceeds Rs. 1,00,000; |
| (11) where the total income exceeds Rs. 2,50,000 | Rs. 1,52,750 plus 75 per cent. of the amount by which the total income exceeds Rs. 2,50,000; |

Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident —

(i) no income-tax shall be payable on a total Income not exceeding the following limit, namely: —

(a) Rs. 7,000 in the case of every Hindu undivided family which at any time during the previous year satisfies either of the following two conditions, namely: —

(1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(b) Rs. 4,000 in every other case;

(ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax computed at the rate he-

reinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed: —

(a) Rs. 145 ... in the case of an unmarried individual;

(b) Rs. 220 ... in the case of a married individual who has no child mainly dependent on him;

(c) Rs. 240 ... in the case of a married individual who has one child mainly dependent on him;

(d) Rs. 260 ... in the case of a married individual who has more than one child mainly dependent on him,

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000, this clause shall have effect as if for the amounts of Rs. 220, Rs. 240 and Rs. 260, the amounts of Rs. 145, Rs. 165 and Rs. 185 had, respectively, been substituted;

(iii) where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed: —

(a) Rs. 125 ... in the case of an unmarried individual;

(b) Rs. 200 ... in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener;

(c) Rs. 220 ... in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family;

(d) Rs. 240 ... in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family,

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000, this clause shall have effect as if for the amounts of Rs. 200, Rs. 220 and Rs. 240, the amounts of Rs. 125, Rs. 145 and Rs. 165 had, respectively, been substituted;

(iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 and who has, during the previous year, incurred any expenditure for the main-

tenance of any one or more of his parents or grandparents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of —

(1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000, and

(2) forty per cent. of the amount by which the total income of the individual exceeds Rs. 10,000;

(B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of this proviso.

Explanation. — For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso, a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year exceeds one thousand rupees.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 10,000 | 15 per cent. of the total income; |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 20,000 | Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000. |

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

In the case of every registered firm, —

Rates of income-tax

- | | |
|--|--|
| (1) where the total income does not exceed Rs. 10,000 | Nil; |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 | 4 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 | Rs. 600 plus 6 per cent. of the amount by which the total income exceeds Rs. 25,000; |

- | | |
|--|---|
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,100 plus 12 per cent. of the amount by which the total income exceeds Rs. 50,000; |
| (5) where the total income exceeds Rs. 1,00,000. | Rs. 8,100 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder: —

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely: —

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub-paragraph.

Paragraph D

In the case of every local authority, —

Rate of income-tax

One the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, — 31 of 1956

Rates of income-tax

(i) on that part of its total income which consists of profits and gains from life insurance business 52.5 per cent.;

(ii) on the balance, if any, of the total income the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, — 31 of 1956

Rates of income-tax

I. In the case of a domestic company —

- (1) where the company is a company in which the public are substantially interested, —
 - (i) in a case where the total income does not exceed Rs. 50,000 45 per cent. of the total income;
 - (ii) in a case where the total income exceeds Rs. 50,000 55 per cent. of the total income;
- (2) where the company is not a company in which the public are substantially interested, —
 - (i) in the case of an industrial company —
 - (a) on so much of the total income as does not exceed Rs. 10,00,000 55 per cent.;
 - (b) on the balance, if any, of the total income 60 per cent.;
 - (ii) in any other case 65 per cent. of the total income;

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of —

- (a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for the purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and
- (b) eighty per cent. of the amount by which its total income exceeds Rs. 50,000.

II. In the case of a company other than a domestic company —

- (i) on so much of the total income as consists of —
 - (a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or
 - (b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and where such agreement has, in either case, been approved by the Central Government 50 per cent.;
- (ii) on the balance, if any, of the total income 70 per cent.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction, at the following rates: —

| | Income-tax | |
|--|--|-------------------|
| | Rate of income-tax | Rate of surcharge |
| I. In the case of a person other than a company — | | |
| (a) where the person is resident — | | |
| (i) on income by way of interest other than "Interest on securities" | 10 per cent. | Nil. |
| (ii) on any other income (excluding interest payable on a tax free security) | 20 per cent. | 2 per cent. |
| (b) where the person is not resident in India — | | |
| (i) on the whole income (excluding interest payable on a tax free security) | Income-tax at 30 per cent. and surcharge at 3 per cent. of the amount of the income | |
| | or | |
| | income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Paragraph A of Part III of this Schedule, if such income had been the total income, | |
| | whichever is higher; | |
| (ii) on the income by way of interest payable on a tax free security | 15 per cent. | 1.5 per cent. |
| 2. In the case of a company — | | |
| (a) where the company is a domestic company — | | |
| (i) on income by way of interest other than "Interest on securities" | 20 per cent. | Nil. |
| (ii) on any other income (excluding interest payable on a tax free security) | 22 per cent. | Nil. |
| (b) where the company is not a domestic company — | | |
| (i) on the income by way of dividends paya- | | |

ble by an Indian company as is referred to in clause (a) (i) of sub-section (I) of section 80M of the Income-tax Act 14 per cent. Nil.

| | Income-tax | |
|---|--------------------|-------------------|
| | Rate of income-tax | Rate of surcharge |
| (ii) on the income by way of dividends payable by any domestic company other than a company referred to in (i) hereinabove | 24.5 per cent. | Nil. |
| (iii) on the income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, and which has been approved by the Central Government | 50 per cent. | Nil. |
| (iv) on the income by way of fees payable by an Indian concern for rendering technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government | 50 per cent. | Nil. |
| (v) on the income by way of interest payable on a tax free security | 44 per cent. | Nil. |
| (vi) on any other income | 70 per cent. | Nil. |

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the following rate or rates:—

Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies, —

Rates of income-tax

| | |
|---|--|
| (1) where the total income does not exceed Rs. 5,000 | Nil; |
| (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 | 10 per cent. of the amount by which the total income exceeds Rs. 5,000; |
| (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 | Rs. 500 plus 17 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,350 plus 23 per cent. of the amount by which the total income exceeds Rs. 15,000; |
| (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 2,500 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000; |
| (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 | Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000 | Rs. 6,000 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000; |
| (8) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000 | Rs. 11,000 plus 60 per cent. of the amount by which the total income exceeds Rs. 40,000; |
| (9) where the total income exceeds Rs. 60,000 but does not exceed Rs. 80,000 | Rs. 23,000 plus 70 per cent. of the amount by which the total income exceeds Rs. 60,000; |
| (10) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000 | Rs. 37,000 plus 75 per cent. of the amount by which the total income exceeds Rs. 80,000; |
| (11) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,00,000 | Rs. 52,000 plus 80 per cent. of the amount by which the total income exceeds Rs. 1,00,000; |
| (12) where the total income exceeds Rs. 2,00,000 | Rs. 1,32,000 plus 85 per cent. of the amount by which the total income exceeds Rs. 2,00,000; |

Provided that for the purposes of this Paragraph, in the case of a Hindu undivided family which at any time during the previous year relevant to the assessment year commencing on the 1st day of April, 1971, satisfies either of the following two conditions, namely:—

- that it has at least two members entitled to claim partition who are not less than eighteen years of age, or
- that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family,—

(i) no income-tax shall be payable on a total income not exceeding Rs. 7,000;

(ii) where the total income exceeds Rs. 7,000 but does not exceed Rs. 7,660, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 7,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 10,000 | 15 per cent. of the total income; |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 20,000 | Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000; |

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

In the case of every registered firm, —

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 10,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 | 4 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 | Rs. 600 plus 6 per cent. of the amount by which the total income exceeds Rs. 25,000; |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,100 plus 12 per cent. of the amount by which the total income exceeds Rs. 50,000; |
| (5) where the total income exceeds Rs. 1,00,000 | Rs. 8,100 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder: —

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely: —

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this paragraph.

Paragraph D

In the case of every local authority, —

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, — 31 of 1956

Rates of income-tax

- | | |
|---|---|
| (i) on that part of its total income which consists of profits and gains from life insurance business | 52.5 per cent.; |
| (ii) on the balance, if any, of the total income | the rate of income-tax applicable in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested. |

Paragraph F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, — 31 of 1956

Rates of income-tax

I. In the case of a domestic company —

(1) where the company is a company in which the public are substantially interested, —

- | | |
|---|-----------------------------------|
| (i) in a case where the total income does not exceed Rs. 50,000 | 45 per cent. of the total income; |
| (ii) In a case where the total income exceeds Rs. 50,000 | 55 per cent. of the total income; |

(2) where the company is not a company in which the public are substantially interested, —

(i) in the case of an industrial company —

- | | |
|---|---------------|
| (a) on so much of the total income as does not exceed Rs. 10,00,000 | 55 per cent.; |
|---|---------------|

(b) on the balance, if 60 per cent.;
any, of the total income

(ii) in any other case 65 per cent. of the total income:

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of —

(a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 50,000.

II. In the case of a company other than a domestic company —

(i) on so much of the total income as consists of —

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

and where such agreement 50 per cent., has, in either case, been approved by the Central Government

(ii) on the balance, if any, 70 per cent. of the total income

THE SECOND SCHEDULE

(See section 28)

PART I

In the First Schedule to the Tariff Act, —

(i) in Item No. 22(3), —

(1) for the entry in the fourth column against sub-item (a), the entry "Rs. 45.00 per litre." shall be substituted;

(2) for the entry in the fourth column against sub-item (b), the entry "Rs. 30.00 per litre." shall be substituted;

(ii) in Item No. 22(4), for the entry in the fourth column against sub-item (a), the entry "Rs. 60.00 per litre or 200 per cent. *ad valorem*, whichever is higher." shall be substituted;

(iii) in Item No. 73(23), for the entry in the fourth column, the entry "100 per cent *ad valorem*." shall be substituted;

(iv) Item No. 82(4) and the entries relating thereto shall be omitted;

(v) in Item No. 87B, for the entry in the fourth column, against sub-item (i), the entry "60 per cent. *ad valorem*." shall be substituted.

PART II

| Item No. | Name of article | Nature of duty | Standard rate of duty | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty |
|----------|-----------------|----------------|-----------------------|---|------------------|--------------------------------------|
| | | | | The United Kingdom | A British Colony | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

In the First Schedule to the Tariff Act, for Item No. 82(3), the following Item shall be substituted, namely: —

| | | | | | | |
|------------|--|---------|---------------------------------|-----|-----|------|
| "82(3) (a) | Artificial or synthetic resins and plastic materials in any form, whether solid, liquid or pasty, or as powder, granules or flakes, or in the form of moulding powders. | Revenue | 100 per cent. <i>ad valorem</i> | ... | ... | ... |
| (b) | Articles made of plastics, the following, namely: tubes, rods, sheets, foils, sticks, other rectangular or profile shapes, whether laminated or not, and whether rigid or flexible including lay flat tubings and polyvinyl chloride sheets. | Revenue | 100 per cent. <i>ad valorem</i> | ... | ... | ..." |